



2013 Budget Review

CITY COUNCIL

MINUTES

November 7, 2012

4:30 pm

COUNCIL MEMBERS PRESENT:

F. Acosta, D. Reed, S. Marmarou, R. Corcoran, D. Sterner, J. Waltman

OTHERS PRESENT:

L. Kelleher, D. Cituk, M. Bembenick, C. Younger, C. Zale, C. Snyder, E. Lloyd, V. Spencer, L. Murin

Mr. Acosta and Ms. Reed called the meeting to order at approximately 4:40 pm.

PFM Update

Ms. Snyder stated that she had a conversation with PFM this afternoon and they confirmed that Reading is not eligible for Act 205, the Distressed Pension EIT. She explained that Reading does not qualify under the formula contained in the Act because our increase in pension expenses was not high enough and because our ability to increase the EIT rate on residents is not capped under the Home Rule Charter (unlike 3rd Class cities who are capped under Act 511).

Ms. Snyder stated that PFM is willing to amend the recovery plan to address the disparity in the projected EIT revenue and they are also willing to support our request to the Berks County Common Pleas for the increase of the commuter EIT tax by .2% if we can produce the final version of the 2013 budget for PFM and DCED review. PFM stated that under those conditions they can produce an amendment to the Recovery Plan on November 19th, before the Commuter Tax hearing before President Judge Schmehl.

The group discussed the various timelines regarding the budget adoption process, the finalization of the 2013 budget, the amendment of the Recovery Plan and the pending court date.

Budget

Ms. Snyder distributed refreshed sheets showing the “to date” changes. She stated that the revenues were not further adjusted and that she is comfortable with the figures proposed. She noted that the Housing Fees listed are revised inspection fees, that encourage compliance with the City’s property maintenance code and charge for each additional inspection required pre-compliance, as was requested by various property owners. She stated that the changes are revenue neutral.

Ms. Snyder stated that she and the HR Manager met with the County regarding City retirees who are now employed by the County and eligible for County health packages. She stated that while the County would not divulge the number of employees who fall into this category, they did commit to placing these employees on the County health package in January 2013. She also noted that under the Open Enrollment, 36 employees have identified changes in their dependent coverage. She stated that originally she conservatively predicted 20 employees would change dependent coverage. She requested a few additional days to review information and prepare a new recommendation. She explained that open enrollment for employees expires November 30th but the period for retirees does not close until December 31st. She noted that employees and retirees who do not respond will be dropped from coverage. She stated that a new estimate will be provided at the next budget review meeting.

Budget Changes

Ms. Snyder reviewed the handouts distributed showing the changes to the expenditures as follows:

- Add 8 PMIs – revenue neutral
- Add \$76,500 re 50 cent increase in salaries of crossing guards and custodial staff (correction)
- Reduce Self Insurance allocation by \$261,800 (confirmed)

Ms. Snyder stated that the draft budget contains \$3.3M in negative contingency figures that must be reduced from the budget; however, the changes reviewed represent \$2.6M reducing that negative contingency to approximately \$745,529.

Ms. Snyder stated that the additional changes:

- \$2,000 increase in R-Phils contribution
- \$52,000 decrease in ARL expense
- \$700,000 decrease in Street Light Assessment
- \$500,000 addition of a Contingency Fund
- \$2.2M increase in residential and commuter EIT
- \$700,000 reduction in property tax (decrease of ½ mil)
- \$8,085 reduction in Police Radios (eliminate spares)
- \$7,561 reduction in CD Radios (eliminate spares)

Ms. Snyder stated that these changes are valued at total of positive value \$336,297 (eliminating the negative contingency). She suggested that Council review the “wish list” items.

Mr. Waltman suggested first trying to reduce the property tax increase to 10% or lower and stepping through other variables.

Mr. Acosta and Ms. Reed noted that the Police and Fire expenditures are still not in the budget and suggested that they be reviewed before taking other steps.

Mr. Cituk stated that he can provide his recommendations at the next review meeting.

Budget Review Meetings

The group discussed the upcoming review tasks and decided to reconvene on Tuesday, November 13th after the Special Meeting scheduled for 5 pm. The meeting adjourned at approximately 5:50 pm.

*Respectfully submitted by
Linda A. Kelleher CMC, City Clerk*